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A Way Out of the Crises for Expatriates:
The Mediating Role of Psychological Capital

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Abstract

This study reports on the experience of 10 expatriates during the severe economic downturn in Portugal. Following a phenomenological research method based on in-depth interviews, we explore the challenges and opportunities faced by the group.

The report concludes that expatriates with psychological capital (high on hope, optimism, resilience and self-efficacy) are more likely to cope better with the economic climate, overcoming feelings of pressure and helplessness to achieve professional and personal opportunities and gains. The discussion then focus on how should MNEs better prepare expatriates using PsyCap as a selection criteria and part of the pre-departure training.

Keywords: positive organizational behavior, economic crisis, expatriates management, psychological capital

Introduction

On April 2011, Portugal asked the European Union and the International Monetary Fund for a bailout, marking the beginning of a period of severe austerity. The Government implemented a set of political, economic and institutional reforms to control the public accounts. Submerged in austerity, Portugal is facing nowadays one of the worst economic crises of its History. The economy is decelerating with negative growth and Banco de Portugal's recent growth projection for the upcoming year is 0%, with the main economic indicators still being negative¹. According to OECD studies, the country's brain drain is among the highest in Europe². This decelerates economic activity having implications for any organization. Uncertainty is the new catchword in the way of conducting business. Doing business in the Portuguese struggling economy is challenging: managers are asked to solve problems instead of maximizing opportunities.

The reforms took by the Government are addressed to everyone living in the country, from Portuguese citizens to foreigners. For instance, the tax regime for non-habitual residents was changed in August 2012³ and many reimbursements from previous years are still to be made. In 2011 the Christmas allowance for non-habitual residents also suffered a surcharge of 3,5%⁴.

¹ http://www.bportugal.pt/pt-PT/EstudosEconomicos/Publicacoes/BoletimEconomico/BEAnteriores/Documents/bol_verao12_p.pdf

² <http://www.oecd.org/dev/povertyreductionandsocialdevelopment/braindrain-aworldoverview.htm>

³ http://info.portaldasfinancas.gov.pt/NR/rdonlyres/2736A253-DD51-498D-8859-FA6081B8E9AA/0/Circular_9_2012_res_n_habituais.pdf

⁴ http://www.plmj.com/xms/files/newsletters/2011/Outubro/A_NOVA_SOBRETAXA_EXTRAORDINARIA_AS_CHARACTERISTICAS_DO_NOVO_IMPOSTO_-III-.pdf

At the same time, Lisbon is becoming more affordable and attractive for expatriates (Mercer, 2012)⁵. But for some of them, to live and work under these conditions can be a challenge, not only from a professional but also from a psychological point of view. Expatriates' adjustment to a new country is not always smooth and frequently, raises stress (Forster 1997; Jordan and Cartwright 1997) but being an expatriate in the center of a financial crisis adds its own challenges.

The purpose of this study is to:

- (1) Asses the new challenges faced by expatriates in Portugal from a personal and professional point of view. What additional needs and concerns were brought by the crisis? We intend to understand how expatriates are coping with the economic crisis in Portugal also by identifying potential opportunities that may have arisen.
- (2) In the light of the previous results, how can Human Resources (HR) departments help them coping better with this period, that is, which measures must be taken or adapted?

The methodology for this study followed a qualitative phenomenology research method, based on semi structured interviews, performed to a group of 10 expatriates working in Portugal.

This report is divided in five sections. In the first one, a review of the literature on expatriate's management is presented. In the second part, the methodology and results are introduced. In the third section, the model proposed and each one of the variables are explained and further developed. In the fourth, measures to help expatriates coping

⁵ <http://portuguese-american-journal.com/mercer-lisbon-becoming-more-affordable-for-expatriates-portugal/>

with the climate are proposed, in light of the results previously discussed. The fifth part presents a summary with the main conclusions of this study.

Literature review

Openness and sociability (Caligiuri, 2000), patience and tolerance for ambiguity (Yavas and Bodur, 1999) and self-confidence and willingness to change (Forster, 2000) are some of the personality traits that help expatriates being successful. Adaptability was also proposed as one of the key characteristics of successful expatriates (Mendenhall & Oddou, 1985; Ronen, 1989; Tung, 1981; Stone, 1991). According to Porter and Tansky (1999), a strong learning orientation increases the likelihood of successfully completing an international assignment because it facilitates adaptability to another culture by creating the conditions for expatriates to adapt and continue in situations that could result in low judgment of performance. Psychological capital was suggested by Story (2011) to facilitate the development of, among others, intercultural sensitivity in leaders. Jassawalla, Truglia and Garvey (2004) research concludes that flexibility, optimism, enthusiasm and humility can help expatriates adjust and deal with cross-cultural conflicts, responsible for high stress and discomfort in expats. The same authors also propose emotional intelligence (self-awareness, self-regulation, self motivation, empathy and social skills) as selection criteria for expats and the development of interpersonal skills as part of the pre-departure training.

So we know which are the personality and psychological characteristic of successful expatriates when it comes to cultural adaption, adjustment or cross-cultural conflict. The aforementioned capabilities help them to deal with cultural, language, ethics and negotiation tactics divergence and are useful for the selection of expats or the enhancement of pre-departure training.

However, literature fails to evaluate the suitability of these policies and practices when on the top of these adjustments, expats also have to adapt to and cope with a volatile economic environment, which has its own challenges.

During a crisis decisions must be taken under limited time and intense pressure (Boin *et al.* 2005) and many times, the certainty of carefully taken decision gives place to “fuzzy gambling” (Dror 1989). Looking for the most suitable actions to take under these conditions and restraints, in the face of uncertainty, may require specific competences and capabilities from expatriates, which are not being taken into consideration by researchers.

Also MNEs appear to have kept their expatriates’ management policies unchanged in the face of the financial crisis. A Study from Mercer “*Managing expatriates in unprecedented times*” (2009)⁶ concluded that the large majority of the participant MNEs are not planning to revise their allowances policies for medium and long term assignments as a result of economic conditions. This result may suggest that MNEs are not taking into consideration the potential challenges that may affect their expats working in a turbulent economy.

On the other hand, and even though the average cost of an expatriate doubles or triples the cost s/he would have at home (Black & Gregesen, 1999), this same Mercer’s study also concluded that 58% of the MNEs were not likely to review their programs and policies of international assignments with the aim of reducing costs. This means that organizations are still willing to invest in expatriates, even when confronted with the

⁶ <http://www.mercer.com/webcasts/1362440>

economic recession. Hence, the propose of this study is also valuable for companies and its potential future applications are realistic.

Methodology

This study followed a phenomenology research method, through in-depth interviews conducted to 10 expatriates currently working in Portugal. The sample was found randomly on the internet, through linkedIn, expatriates forums and MNE's websites and individuals contacted through e-mail to schedule an interview. Interviews took from 30 to 60 minutes and were tipped directly on to the computer. The open-ended questions were derived from the literature, allowing for adaptations to the experience of each participant and shaped by the exercise of active listening:

- (1) What measures did you take to cope with the crisis in your working environment and did your company particularly support you in this transition period?
- (2) What are the key challenges you face from a personal and professional point of view, arising from the economic situation in Portugal?
- (3) Did you receive any type of training and did your company adapt it somehow to reflect your new needs?
- (4) Which new opportunities do you perceive in this climate?

Results

Several nationalities are represented in the sample: German (3), British (1), Turkish (1), German and Brazilian (2), Australian (1), Brazilian (1) and Greek (1), being all males but one. All the respondents work in MNEs in the Lisbon or Oporto areas some being

parent country nationals and others third country ones. The large majority holds top managerial positions or is a team leader. Even though a wide cross-section of industries is represented in the sample (Retailing and Consumer Goods, Energy and Engineering, Consulting, Banking and Finance, Information Technologies), 50% of the interviewed work either in the Banking and Finance industry or hold a financial position within the organization.

After performed, each interview was carefully studied to search for the deeper meaning and feelings behind each statement. The general commonalities and differences were analyzed and a pattern in the data was identified: even though all participants shared some negative feelings towards living and managing in the Portuguese volatile economy, some of them were able to overcome those, keeping a positive and optimistic outlook, while others were not. With this in mind, thoughts and emotions common to several respondents were identified. Some of the expressions and ideas that were repeatedly used in the interviews were pressure, frustration, sacrifice. These keywords were put together under a cluster labeled pressure. Other common keywords were discouragement and lack of motivation, which were grouped under a second cluster: helplessness. A third group of expressions was labeled opportunities & gains and included chance, learn, growth, rethink and efficiency. A fourth cluster was identified as the coping mechanism: psychological capital. All the findings of this study fall under these four categories.

Model

Expatriates working in Portugal nowadays have to cope with a volatile environment, characterized by economic uncertainty and are being harmed by policies addressed to everyone in the country, even though they are not locals. Worries regarding the

increases in taxes and other measures constraining disposable income are in their case worsened as participant F explains: *“This is difficult to accept sometimes because I didn’t cause this crisis, I am only a guest but I have to pay it as well”*. That is, even though they were not responsible for the economic situation in Portugal, they are being negatively affected and feel impotent to change that.

This puts expatriates in a rather uncomfortable situation, causing certain negative feelings that have a direct impact in their personal and professional life, which may even be translated into poorer performance at work.

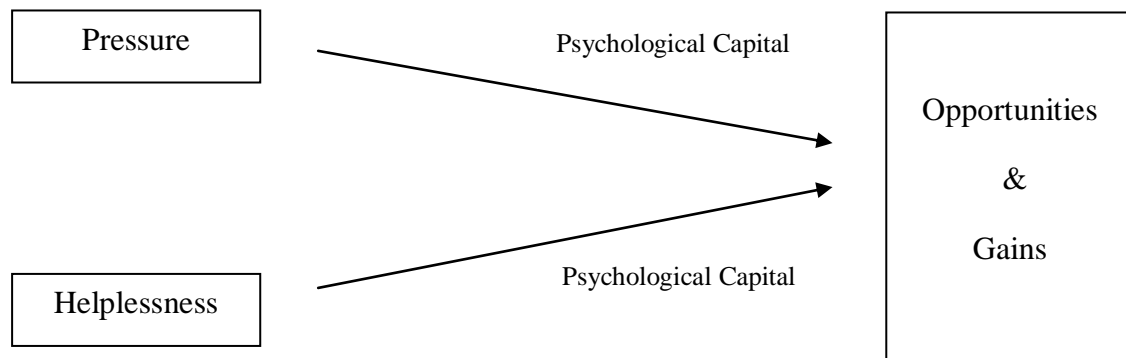


Figure I: The Mediating Role of Psychological Capital between Pressure and Helplessness, and Opportunities and Gains

Pressure: *“Work the double to achieve half”*

International assignments are associated with increased levels of psychological stress (Torbiorn 1982; Furnham 1990; Haines 2000; Ward, Bochner an Furhnham 2001) and even symptoms of depression, anger and fatigue (Ward and Kennedy 1993). Participant C expresses feelings of pressure both from the company and the family: *“I have my boss pushing me from one side, my partner from the other, the company from the back and my wife from the top”*.

Nowadays, an additional variable pressures managers and organizations to present results: the crisis. The turbulent economic environment difficult expatriates' adaptation to Portugal and their capacity to successfully accomplish the goals and quantified targets set up by the headquarters. Participant H confirms the complexity of delivering outcomes in the current economic climate in a one sentence description of a working day: *"I work the double to achieve half of the results"*.

Nonetheless, a sense of urgency to deliver results could be found in the consciousness of all the interviewed and is expressed by participant I: *"You have to work with more pressure and deliver better quality because when the environment is under pressure competition rises. With fewer "weapons" you have to deliver the same or higher quality."* Organizations are cutting budgets thus, expatriates have to work with fewer resources while assuring quality outperforms the competitors' one. At the same time, unmet expectations of the company (Jordan and Cartwright, 1997) or coping with too high demands from headquarters (Brown, 2008) are sources of stress for expatriates.

Participant G expresses concerns on the high expectations from the company and the difficulty in achieving them, which causes stress and a sense of frustration: *"I had support and a lot of tolerance [from the headquarters] to do all the necessary changes [to better cope with the crisis] but it does not mean that I am under less pressure. Goals are adapted to the economic situation but they have to be met, and they are ambitious! I had the support to adapt them to the new reality and strategy [...] Pressure to achieve results is always there, but these are much harder to achieve. We achieve very little."*

Helplessness: Hands tied?

Anxiety, loss of security and fear of the unknown are natural feelings among expatriates (The International Executive, 1959) as they are out of the comfort zone. A sense of helplessness can be added to the previous ones when working in an economic turmoil.

Participant F confirms that on a personal level, bureaucratic complexity, worsened by the environment, contributes to feelings of helplessness: *“I did an income tax declaration before arriving to Portugal. I never heard back from the Portuguese authorities, they didn’t do it because of the crisis. The company helped me to do it at first but in relation to the Portuguese authorities not giving me the declaration, the company cannot enforce anything and I cannot sue the Portuguese Government!”*

Powerless to deal with bureaucratic issues and changing tax reforms and with limited support from their organizations, expatriates feel that waiting is all they have left.

From an organizational perspective, the decrease in the volume of business leads to an economic environment characterized by uncertainty, which adds challenges to the way of conducting negotiations. *“Managing in Portugal today is like guiding a boat in the dark”*, the metaphor from participant A and is coherent with the belief of participant D that *“the entire business dynamic has changed with the crisis, nowadays in Portugal we work with no direction”*.

The brain drain issue also causes feelings of helplessness in expatriates. A major concern for these managers is to retain their employees and keep them motivated with limited financial rewards, which can be challenging nowadays. Participant F shared his/hers worries: *“Due to the financial crisis and cuts there is a high probability that turnover will go up because my team can emigrate. Next year wage taxes are going to increase and I am afraid that my team will think about emigrating. This is a problem because of the brain draining and it will represent a high cost for the company, pay the*

training of the new comers. People working in my team can easily work in Italy, France, Luxemburg because they have the know-how and speak several languages. And this is a challenge, to make people stay on board. (...) I would like to increase their salary to compensate but it is not possible to give everyone a 7-8% increase. (...) If I have to train somebody new, stakeholders will complain, after all this costs money.”

On the other hand, expatriates were also able to identify opportunities and gains from working in a struggling economy, from a personal and professional point of view. These will be discussed in detail later, in the “Opportunities & Gains” part of the model.

From the data analyzed, psychological capital was identified as the mediating variable between pressure and helplessness, and opportunities and gains. Hence, psychological capital helps expatriates to cope with the crisis environment, enabling them to go beyond negative feelings and, by keeping a positive outlook, achieving gains.

Psychological capital

Psychological capital or PsyCap is a concept from Positive Organizational Behavior defined by Luthans and colleagues as a psychological core construct made up of four variables: hope, self-efficacy, resilience and optimism. Individuals with PsyCap face challenges in a more positive way, identifying alternative plans to overcome them and persevering, having the confidence in themselves to pursue ambitious goals, bouncing back from hardships and learning with them and keeping a positive state of mind by externalizing failures. PsyCap has implications for combating stress (Avey, Luthans & Youssef, in press) helping expats cope with difficult times. Important to note, PsyCap

capabilities can be trained and developed (Luthans, 2002a; Luthans & Youssef 2007; Luthans Youssef & Avolio, 2007).

Expatriates with hope, efficacy, resilience and optimism are more likely to have personal and professional gains in a crisis environment because they perceive this experience as a learning one, finding opportunities where others find challenges. Each one of the four components that builds up PsyCap adds its own value helping expatriates to adapt to and successfully cope with an economy in turmoil.

Hope: As defined by Snyder *et al.* (2007) hope comprehends two dimensions: agency (willpower) the determination to achieve goals; and pathways (waypower), which involves the identification of contingency plans, assuming the existence of hardships or blockages. Individuals with high hope are challenged by goals (Luthans, 2002) and perceive problems as challenges and learning opportunities (Youssef and Luthans, 2007) being more likely to overcome them. Participant A illustrates this: *“Challenge is what keeps me motivated in my professional life. These are times to learn and grab new businesses opportunities. (...) This is a much more challenging environment but that is why I prefer to work here, even though I lost a lot of royalties. (...) I already said to the board that I will stay here, I’m not willing to move more”*. The last sentence proves that expatriates with high hope are less anxious and more adaptive to environmental change, in accordance to what can be drawn from Luthans (2002).

Expatriates with hope are more likely to overcome pressure and helplessness pursuing challenging goals and defining alternative plans to achieve them, making it easier to overcome obstacles and achieve gains.

“We need to take a longer term view. (...) This is the basis: a vision. What will be like in 3 years time? We need to give a sense of hope.” The demonstration of willpower is

from participant J who defines ambitious but realistic goals to guide not only him/her but also subordinates. Another demonstration of agency is from participant G who ensures hope is kept by celebrating each small victory with his/hers team.

Along side, expats with hope define several strategies to pursue goals. Hope also gives expatriates the determination to look for innovative and creative ways to take the most out of the experience (Youssef & Luthans 2007). Participant A shows the waypower of hope looking for alternatives in the face of blockages: *“The housing market is tuff... Families don’t have money to invest, everyone is saving as much as one can. (...) We need to look for other solutions! There are so many beautiful buildings in Lisbon, why don’t we rebuilt and rent them? (...) Today the renting market is booming!”* This same participant also admits that *“Intuition increases a lot because when things are impossible you need to have ideas. Creativity is highly stimulated.”* Hence, by having hope the participant was able to identify positive outcomes and opportunities. Hope gives managers the will and way power to perceive their position as expatriates in Portugal as an opportunity for enhancing his or hers leadership and soft skills as well as experience (Youssef & Luthans, 2007).

This makes hope one of the most important psychological variables for a manager working in a crisis environment as it brings together the motivating and motivational – common to optimism – side of will (goals’ definition) with the design of alternative strategies to achieve them – the way -, key to organizations during these period.

Self-Efficacy: is the confidence one has in its own capacities to succeed in a specific task in a given context (Stajkovic & Luthans, 1998b, p.66). Self-efficacy has a positive impact in the effort and motivation put in to accomplish a given task (Bandura, 1986, 1997). It was also shown to have a positive impact on managing very difficult situations

(Luthans, Tajkovic & Ibrayeva, 2000; Peng 2001) and to increase resistance to stress and burnout (Luthans, 2002).

Task mastery is one of the sources of self-efficacy. Participant J's confidence was earned through task mastery from previous working experiences in similar contexts: *"I have lived in 9 countries, including Brazil when they had two crises in the 80s. I am used to work in challenging and no growth environments. It's more applying my experience from elsewhere and helping the company to survive."* Expatriates with high self-efficacy are more confident in their own capacity to overcome challenges brought by the crisis. As a consequence, challenges are welcomed instead of feared and a less stressful position is assumed, with pressure and helplessness being more easily overcome. Past experiences give expatriates not only the confidence to approach problems but also to do so in more innovative and creative ways (Tooe and Ofori 2008; 2010).

Moreover, expats with self-efficacy believe that positive outcomes will be earned in the end, either by learning or real outcomes. Participant A, who also earned his/hers confidence during previous experiences explains: *"I do not consider the current situation in Portugal very bad when compared to what I have lived. (...) I worked in Brazil during the 80s, when the country was going through much worse (...) 1000% inflation, a lot of extreme poverty, corruption at levels unimagined in Portugal, ... This was the real crisis! But it helped me to improve managerial capabilities and to grow as a professional and as a person."*

Resilience: is the capacity to bounce back and beyond from hardships or even positive dramatic changes, by using challenges to proactively learn and growth (Luthans, 2002).

Nowadays the Portuguese business environment is a particularly challenging one. It is important that expats have this psychological capacity, to help not only them to cope with obstacles but also their teams, working as a motivational factor, as participant G explains *“I feel unmotivated but the leader’s role is to work that in the interior and do not contaminate the environment. (...) I stay true to myself and do not allow me to give up. If I give up, who stands for the storm?”* Resilient expatriates are more likely to overcome pressure and helplessness because they have the grit and tenacity to persevere in the face of challenges, which prevents them from giving up.

To overcome negative occurrences, resilient expatriates reinvent themselves and their methods of working, as participant A: *“We become much more intuitive because when things are impossible you need to have ideas. Creativity is highly stimulated”*.

On the top of that, expatriates with resilience as participant I, have the determination to pursuit ambitious goals without procrastinating: *“I don’t stop for a smoke every 10 minutes, or take a day off because am ahead of schedules. I have to be here [in the company] every day, and follow up the day after, making all time valuable”*.

Resilient expatriates value positively risk factors while those low in resilience perceive them as threats (Masten, 2001). In the face of adversity, resilient expats understand that hardships will make them grow and identify learning opportunities and positive outcomes from the experience, as participant A: *“We always learn more during these periods. Crises always bring gains, even personal ones. (...) As when we become ill and our body grows stronger to that illness, we also need these periods to learn and emerge stronger. After all, what does not kill us makes us stronger.”* This illustrates the idea that resilience not only helps expats to overcome obstacles (that lead to pressure and

helplessness), it also helps them to learn with them, conquer them and emerge stronger than they were originally. Hence, they have the motivation to put more effort into challenging tasks and troubled paths finding in the crisis the energy to become more productive.

Optimism: An optimistic individual believes that positive events are due to his/hers own capacities and abilities, thus repeatable, whereas negative ones are due to external factors, hence occasional and specific (Seligman, 1998).

For instance, an expat with low optimism who fails to finish a negotiation in Portugal can assume that this was due to his/hers lack of ability when dealing with locals (internal factor). These feeling will certainly contribute to add pressure and can worsen senses of helplessness. On the contrary, an optimistic expatriate will do an analysis of the external factors that may have affected the negotiation and do a realistic evaluation instead of taking immediately all the blame for herself/himself.

According to participant J *“There are two ways of looking to a glass: half full or half empty. I tend to look at it half full.”* Optimism is key in adverse times as enables people to continue to put effort even in the face of increasing adversity (Carver and Scheier 2002). Participant A also adopts an optimistic position: *“There is always another business chance, when a door closes another opens”*. In the face of blockages, optimistic expats find the motivation to look for a different “door”, changing strategies and innovating. They understand economic downturns as part of business cycles, and believe in a brighter future after them. Thus, they are more likely to find opportunities, where others find challenges and by adopting a positive outlook, pressure and

helplessness tend to be easily overcome. Hence, an optimistic leader is more likely to succeed in the uncertain crisis environment.

Nonetheless, it is crucial that this optimism is realistic. The Pollyanna effect (too much or naive optimism) is especially dangerous in a crisis situation and can lead to bad managerial decisions (Rego e Cunha, 2011). An expat too optimistic can be imprudent, risking too much if s/he does not perceive threats as real or insisting in processes that have proved to lead to bad results. Thus, a realistic optimism is the psychological capability that helps expats cope with the challenging economic times, working as one of the bridges between pressure, helplessness and gains.

Opportunities & Gains

According to Birkland (1997) crises focus parties' attention, create new ideas and break down resistance to change, we argue this will be easier to expats with hope, self-efficacy, resilience and optimism.

Expatriates with PsyCap were able to identify opportunities for their companies and personal and professional gains from their experience in Portugal.

First, and taking a market perspective, new niches can emerge or become more developed as a consequence of shifts in consumer habits (renting house market, public transports); you can also leverage on the fact that the bargaining power of suppliers is weaker, for instance. Participant E describes: *“It’s easier to make a difference this times because it’s all falling apart: companies are going bankrupt but among them are also your competitors!! (...) There will always be opportunities if you innovate, if you can do things better than others, more efficiently.”* More examples are given by Participant I: *“Crises are good periods to open a business or to invest your money (...): it is easy to*

find personal and cheaper because everyone is unemployed and they will not demand a salary, just a job; you can achieve better deals with suppliers (...) If you manage to survive, growth will start after.”

Second, and from an organizational point of view, gains result from savings, as participant A explains: *“These times make us think more, focus more and that’s good. We question much more: “Is this really necessary?” And this helps to save costs for the companies and to understand what we can throw away. It’s a process of “cut the fat” and this is very good. We become much more conscious in these periods. We understand what is important and what isn’t. One learns much more on a personal and professional level.”*

Moreover, through this questioning exercise it becomes easier to identify resources or processes that can be used or performed more efficiently. Participant I corroborates: *“You learn how to save money, how to cut expenses. Other big lesson is: how can you achieve growth with limited resources? (...) When you do so, you become more efficient.”* On the top of that, from these “rethinking” ideas can flourish, which can be translated into new projects with a positive impact on the bottom line. Therefore, the optimization of investments, resources and processes is one of the biggest gains for companies during a recession and can bring competitive advantages. This procedure can even be transferred to other markets where the company operates - in crisis or not.

Third and from a personal perspective, gains for expats include growth by becoming more mature and responsible and the development of context-specific soft and social skills. Participant G illustrates some of these points: *“One learns a lot from this experience, it isn’t easy but you learn a lot. (...) Any manager that goes through this is better prepared because learns human and technical skills that can be used in another*

context, a crisis one or not. (...) I am learning a lot professionally because in a market in recession there is no room for mistakes. Brainwork and execution capabilities have to be much more precise and perfectionist comparing to what they would have in a booming economy.”

Managing a team of persons affected by the crisis has its own challenges and expats develop social skills and learn creative ways to keep engagement. They change the workplace creating a more relaxed environment and work on a motivational level with their subordinates: communication is used to understand their needs and every small victory is celebrated. In the process, positive outcomes can be achieved, as participant G shares: *“Soft skills are developed a lot, mainly from a [team] motivation point of view because this aspect is more affected by the crisis. The leader needs to give future perspectives, he must keep employees engaged, with energy.”*

For specific job functions there might even be particular learning gains, as participant F describes: *“[The crises] will help a bit because I am in finance, it is easy to talk about this in a PowerPoint presentation: “these cuts are necessary”, but it is different if you live in the country and experience it yourself.”*

According to Roberts and Lajtha 2002, the ability to learn during crises fosters the capability, flexibility and confidence to deal with unexpected occurrences. This may suggest that our expats ability to learn during the crisis may even reinforce the effect of some of the PsyCap dimensions.

Discussion

HR departments can do very little to control the pressure and helplessness feelings expatriates are submitted to since these are directly linked to the external environment.

However, organizations can help expats cope with the crisis through PsyCap as its variables are open to development through training or self-development (Luthans 2002a, b). Investing in the development of psychological resources can generate high returns for companies and expats themselves as it qualifies them with capabilities that can be greatly helpful in both their personal and professional life (Toor, 2010).

Hence, in the light of the previous results, we propose PsyCap assessment as a part of selection (for instance, through behavioral interviews) and PsyCap development programs as pre-departure training for expats. Next, a Psychological Capital Intervention and a Web-Based Training are proposed as methods to develop PsyCap in expatriates.

Psychological Capital Intervention (PCI)

Luthans and colleagues 2006 proposed a psychological capital intervention coached by a professionally trained facilitator and lasting from 1 to 3 hours to develop each one of the psychological capital dimensions and the overall concept, as a core construct.

The following development programs draws from Luthans and colleagues' work (2004; 2006; 2007, Chapter 8; Luthans et. al. 2010).

Hope: The next exercises create a successful “imaginal” experience developing hope’s way and willpower on expatriates. To increase agency, expats should determine work-related goals, personally valuable and reasonably challenging, to assure a sustainable motivation. Snyder (2000) proposes a “stepping method” breaking these goals down into sub-goals, which act as milestones increasing expectations of success (also impacts way power). To increase way power, expats should define multiple contingency pathways to their goal. For instance, if an expat goal is to attain a 5% increase in profits

next year, he can create quarterly milestones and identify several ways to achieve it (e.g. cost reduction or price increase). Next, goals and pathways should be shared with other expats in small groups giving place to brainstorming from which new contingency plans will emerge.

In the current economic climate, many obstacles will trouble goals' achievement. To reduce the negative impact of this in hope's willpower, expats must be prepared, thereby they should identify potential blockages and strategies to overcome them as well. Using the previous example, our expatriate can be faced with the bankruptcy of a key supplier or the entry of a new competitor in the market. How can s/he overcome this and still attain the goal? Obstacles and tactics to overcome them should be discussed in groups, again.

Self-efficacy: Four sources of self-efficacy were identified by Bandura (1997): task mastery, modeling or vicarious learning, social persuasion and positive feedback, and physiological and/or psychological arousal.

“Imaginal” task mastery was accomplished for designing and pursuing goals though the creation of sub goals and explaining to the rest of the group how each one would be achieved; each expat saw the others work toward their own goals and how they were successfully accomplished, increasing efficacy by vicarious learning; confidence was also enhanced by social persuasion by the group and the facilitator (Luthans, *et al*, 2006).

Optimism: The previous exercises are also useful to build optimism (Luthans *et al*, 2006). Having expats designing plans that will help them to reach the goal is by itself a successful experience. Even being “imaginal” it increases positive expectations, and thus, optimism (Luthans *et al*. 2010). On the top of that, by creating contingency plans

expats prepare themselves for worst-case scenarios, working against pessimism, building success expectations and increasing optimism in a realistic way (Luthans, et al. 2006).

Resilience: To increase resilience, expats should be asked to reflect which self assets and capabilities they can use to accomplish goals. This exercise creates awareness to their strongest skills, talents and social networks (Luthans et al, 2010). In groups, more assets should be identified. Next, expats should identify obstacles to these assets, as well as plans to avoid them. (Luthans, 2010)

Another exercise is to build awareness of participants' thoughts and feelings in the face of challenges (e.g helplessness vs self-reliance) (Luthans, 2010). To do so, expats should find a work related obstacle and think about their instantaneous reactions to it. Next, the facilitator should present guidelines on how to deal with challenges in a resilient way. Individually and in groups, expats should evaluate their obstacle realistically (Luthans, 2006). For instance, our expat can asses the real importance and implications of loosing a supplier. What strategies can s/he put in place now? What lead to that in the first place? Could s/he have avoided it? Understanding what is under their control and what is not helps them to externalize setbacks, having a positive impact in optimism as well (Luthans, 2010).

Web-based training

A web-based training intervention was proposed by Luthans *et al.* (2008) to develop PsyCap. These online interventions are particularly important in the case of expats because they enable companies to train expatriates in different geographical locations simultaneously having, on the top of that, cost advantages (Luthans, 2008).

Web-based interventions can leverage on personalized animations and exercises, detailed PowerPoints and video presentations, and Internet resources (e.g movie' scenes), in order to become more dynamic and effective (Luthans, 2008).

The developmental guidelines previously introduced for the PCI are effective for online training interventions (Luthans, 2008). Thereby, the same exercises can be performed.

Conclusion

The financial crisis brings additional challenges to expatriates in Portugal from a working and personal perspective (e.g company's targets are too demanding for the economic environment or dealing with complex and changing bureaucracy). These challenges can lead to feelings of intense pressure and a sense of helplessness.

In this study, we proposed that expatriates with psychological capital are more likely to overcome pressure and helplessness feelings, and achieve opportunities and gains. On the contrary, individuals with low PsyCap, tend to be trapped by these negative feelings, being less likely to perceive challenges as opportunities and to have gains.

Expatriates with PsyCap define ambitious goals and strategies to achieve them (hope), believe in their capacity to accomplish the proposed targets (self-efficacy) and attribute to their capacities the positive occurrences in their lives – thereby, believing that these are repeatable - while externalizing the negative ones (optimism). They also persevere in the face of the severe restraints and obstacles that characterize the current environment, do not letting pressure and helplessness override them, learning through conquering obstacles and thus, emerging stronger (resilience). On the top of that, these expats are more likely to perceive challenges as opportunities to grow personally and professionally.

The main opportunities and gains described by expats with PsyCap were personal and professional growth (e.g. development of soft skills and context-specific learning) and efficiency gains for organizations.

As PsyCap appears to help expatriates coping with the economic crisis, we proposed its use as part of the selection and pre-departure training (based on a psychological capital intervention or web-based training).

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